

United States Senate

WASHINGTON, DC 20510

March 5, 2009

The Honorable Tom Vilsack
Secretary
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250

The Honorable Timothy F. Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Vilsack and Secretary Geithner:

While much attention has been paid to the serious problems with home loans and foreclosures, there has been less talk of the strain on farm families and the loans they depend on, where an inability to keep up with payments is a double threat. Farms are both homes and businesses for many families, since the homes are often included as security against the farm loans.

Many Americans and businesses are feeling the impact of the current economic troubles, with farmers receiving lower prices across the board. The dairy industry that is vitally important to many areas across the nation has been especially hard hit -- the prices of wholesale dairy products and milk recently plummeted by upwards of 40%, and are now well under the cost of production for most, if not all, dairy farmers. Wheat prices have fallen by a similar margin from the highs of last year. Corn, soybeans, beef cattle and hogs are also off by between 16 and 25%. In addition, recent idling or shutdowns of several poultry processing plants as part of corporate bankruptcies have caused regional market shocks as poultry growing opportunities have suddenly ceased for poultry farmers in certain rural communities. If these low prices and market shocks continue, farms nationwide across many segments of agriculture will soon have difficulty meeting their loan payments.

The recently passed economic stimulus legislation contains additional funds to provide direct loan assistance due to the expected increased demand. These loans and existing federal loans through the Farm Service Agency (FSA) include requirements to allow restructuring and write-downs of loans when farmers are unable to remain current on the loan due to circumstances outside their control such as the economic downturn.

In a letter to Majority Leader Reid on January 15, 2009, then National Economic Council Director-designee Lawrence Summers indicated that "(b)anks receiving support under the Emergency Economic Stabilization Act will be required to implement mortgage foreclosure mitigation programs." This was in addition to a plan to "commit substantial resources" to reduce foreclosures that could be prevented by reducing mortgage payments and other actions. Many institutions that have received Emergency Economic Stabilization Act (EESA) funds also make and hold farm loans. While many financial institutions continue to serve the farm community steps need to be taken to ensure that the foreclosure crisis does not spread further and we urge the Departments of Agriculture and Treasury to work together on similar requirements and interventions as those that are being contemplated for home loans. The FSA provisions could be a good starting point for the type of provisions that should be included for any institutions that obtain or retain EESA funds.

Helping farmers to avoid foreclosure on their homes and farms is critically important to ensuring that the negative impacts of the economic downturn do not continue to spread through rural America. We look forward to your response and encourage you to take swift action to keep farm families in their homes.

Sincerely,

Ann Fisher

Herb Kohl

Shel Ben

Kirsten E. Hillibrand

Jeffrey A. Mankley

Jim Test

Debbie Stabenow

Bob Carey, Jr.

Cc: The Honorable Lawrence H. Summers

Bill Nelson

Bar Sanders

Ray R. Hazen

Chuck Sch

Carl Leri

Blanche L. Linsam

Mark Royce

Susan Collins

Mr. F. W

Jim Johnson